STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Senator Lesser, Representative Wood, Senator Hwang, Representative Pavalock-D'Amato and members of the Insurance and Real Estate Committee, the Connecticut Insurance Department thanks you for the opportunity provide written testimony in opposition to the following bills for the reason that they all require new studies and/or reports be completed by the Department:

SB 409 AN ACT CONCERNING LONG-TERM CARE INSURANCE.

The Connecticut Insurance Department is in opposition to sections 1 and 2 of this proposed legislation.

Section 1 requires CID to prepare and submit a report that includes an evaluation of an alternative pool for LTC policyholders in excess of 20 years that creates a self-contained pool. The details of this requirement are not clear in this section. As it is currently written, the Department does not possess the data necessary to produce a report of this magnitude. The Department would need funds to hire a consultant in order to do this study.

Section 2 requires CID to hold public hearings regarding any LTC premium rate increase request in excess of 10% and requires advance notice of such hearings to all policyholders at least 14 days prior to the hearing. The Department appreciates the intent behind this section, to ensure rate review on long term care policies is transparent, however this data is already currently publicly available. It is unclear what type of hearing is being required by this section. Based on historical data, the CID holds on average between 35 and 40 long term care rate reviews a year. If the hearing required is a UAPA hearing or an informational hearing, this would add significant administrative time to the rate review process that is already stressed, especially during the ACA rate review time of July-September, when the Connecticut Insurance Department is also reviewing health insurance rates.

Currently, long term care rate review is a fully transparent process. Policyholders are notified when a carrier submits a rate increase request. The rate filing is then posted on our website for review by the public, with the ability of the public to provide comments. A thorough actuarial review is performed and the rate increase request is acted on by the CID to determine whether the rate increase is excessive, inadequate, or unfairly discriminatory. The long term care form is required to meet

or exceed a 60% loss ratio over the lifetime of the policy for individual long term care policies and 65% for group policies.

SB 414 AN ACT CONCERNING MENTAL HEALTH PARITY.

An Act Concerning Mental Health Parity requires the Department to submit a report regarding the effectiveness of various provisions of law with regards to mental health parity. CGS 38a-477ee requires carriers to submit a report to CID regarding mental health and substance abuse benefits. CGA 38a-488c and 38a-514c prevent carriers from applying a nonquantitative treatment limitation to mental health and substance use disorder benefits unless such policy applies such limitation to such benefits in a manner that is comparable to, and not more stringent than, the manner in which such policy applies such limitation to medical and surgical benefits. CGS 38a-488d and 38a-514d prevent carriers from denying coverage for covered substance abuse services solely because such substance abuse services were provided pursuant to an order issued by a court of competent jurisdiction.

This bill does not provide details on what should be included in the report. The Department's Market Conduct Division already submits a report to the legislature on NQTL compliance under 38a-477ee on an annual basis. It is unclear what additional information would be required of the Department. Without that information it is difficult for the Department to determine whether a consultant or additional staff would be necessary to complete this report. In a time when all agencies are doing more with less, the Department does not have bandwidth or funds to complete additional reports with current staffing levels, and as such, we must oppose this bill.

SB 410 AN ACT CONCERNING PHARMACY BENEFIT MANAGERS AND SPREAD PRICING.

An Act Concerning Pharmacy Benefit Managers and Spread Pricing is a proposal to require CID to study spread pricing and other practices utilized by PBMs and produce a report on our findings. While the Department is supportive of more information being available to guide decision making in regards to prescription drug pricing, we do not have the budget, expertise, or bandwidth to complete this study.

The Department supports the overall goal of reducing the costs of prescription drugs for Connecticut consumers. Those costs currently account, on average, for nearly a quarter of health care premiums and are increasing by ten percent each year. As such, we support the Governor's Bill SB 13 that was proposed with this same goal in mind.

The Connecticut Insurance Department regulates all types of insurance within the state of Connecticut, including carriers and agents. The Insurance Department presently does not regulate Pharmacy Benefit Managers, nor should we. The Department does register PBMs, but we do not license them, or review their contracts. While the Department possesses expertise on items concerning the regulation of insurance, regulating prescription drugs and the complex contracting relationships prescription drug-adjacent entities have with each other is an area in which the Department does not have expertise, experience, nor regulatory authority. If this bill were to pass in its present form, the Department would need a significant investment of resources to hire employees with expertise in prescription drugs to carry out the goals of this bill. Additional legal and Market Conduct staff will also be necessary concerning the enforcement of any new contractual requirements.

The Connecticut Insurance Department urges the committee to support SB 13, An Act Reducing Prescription Drug Prices, as well as the Governor's proposed budget in lieu of this bill.

HB 5447 AN ACT CONCERNING PRIOR AUTHORIZATION FOR HEALTH CARE PROVIDER SERVICES.

An Act Concerning Prior Authorization for Health Care Provider Services requires us to conduct a study concerning prior authorization issues for healthcare providers in the state, including but not limited to the practice of "gold carding", or exempting specific providers from prior authorization requirements when they have certain previous prior authorization approval ratings. While the Department agrees this is an important area to study, the Department does not have the budget nor the staff to complete another study and report this year.

Thank you for the opportunity to provide written testimony today.